

YOUTUBE CONFIDENTIAL
Key Messages and FAQs
Internal Document

Key Messages

- YouTube is a consumer media company for watching and sharing video through a Web experience
- YouTube is the largest Internet video entertainment service, having grown exponentially since starting a public preview in May and launching the service in December
- YouTube is solving the hard problems for video on the Internet to make watching and sharing fast, fun and easy

Metrics (as of 7-25-06)

- Serving 100 million video views a day (up from 3 million at launch)
- Receiving 65,000 video uploads a day (up from 8,000 at launch)

Q&A

BUSINESS

What is YouTube?

YouTube is a consumer media company for people to watch and share original videos worldwide through a Web experience.

What are some of the features?

The features are focused on watching, uploading and sharing videos. Some are:

- Video embedding, which lets people insert a YouTube videos into a MySpace account, a blog or other Web sites where anyone can watch them
- Public or private videos—when you upload you decide whether to broadcast it publicly or share it with friends and family
- Subscriptions, which let YouTube users keep track of when their favorite users upload new videos. It's like building a fan club.

Explain how YouTube works? Is it just another Web site for sharing videos?

Anyone can watch videos from YouTube—both on YouTube.com and across the Internet. We're letting consumers watch first-hand accounts of current events, find videos about their hobbies and interests, and even discover the quirky and the unusual.

By registering, users can upload and share their videos as well. As more consumers capture special moments on video, we're empowering them to become the broadcasters of tomorrow.

Why did you start YouTube? Where did the idea come from?

The idea for YouTube came about during a dinner party with a group of friends. We were taking videos from our digital cameras. Later, when we tried to share them, we realized how difficult it was to e-mail them or put them on the Web.

Then it hit us that there had to be an easier way to share and watch videos. More and more people are carrying around devices that capture video—from digital cameras to cell phones. YouTube is making it fast, fun and easy to watch and share those videos.

Who do you compete with?

YouTube is the marketshare leader. Google Video and Yahoo! Video are taking a page out of our book right now as they try to play catch up.

What makes YouTube any different from the dozen or so video-sharing sites?

We're taking the approach of building a community that's highly motivated to watch and share videos. Unlike the competition, which is focused on pay-per-view programming. Our service is free to consumers.

Why is the online video audience captivated now?

There are four main reasons for the adoption of online video with the masses. There are more devices on market that capture digital video. Roughly 60 percent of homes now have bandwidth in the US. YouTube gives people the chance to create own entertainment experience that is not around traditional timeslots. And, our content is short form, quick entertainment.

What's your vision for YouTube? Where will the site be in one year?

Our vision is to build the next-generation platform for serving media worldwide.

There is a complete shift happening in digital media entertainment and users are now in control of what they watch and when watch it. At YouTube, we are seeing an evolution of entertainment and media distribution – where the audience is now in control more than ever. It is the birth of a new clip culture.

Tell me about the name. What does it mean?

It's a play on the slang word for TV, "boob tube." What we're about is making video personal so it's about "You," or the "YouTube."

How long has YouTube been in development?

We founded YouTube in February of 2005 from a garage in Menlo Park, and development began from day one. We started a public preview in May last year and launched the service in December. We've already grown to serving 100 million video views a day and receiving 65,000 video uploads a day.

Who are the founders? Who's behind YouTube?

I started the company with Steve Chen (or Chad Hurley). We both came from PayPal, where we played fundamental roles in the early development of the payment service. Chad was the first user-interface designer while Steve was part of the earliest engineering team.

In November, we announced our first round of funding--\$3.5 million from venture-capital firm Sequoia Capital.

So are these videos on YouTube something that users download or share in a P2P network? Is YouTube a video Napster?

No, Napster was a blackmarket for illegal music file sharing; YouTube is more like a combination of America's Funniest Home Videos and Entertainment Tonight. We are an entertainment destination that streams videos. We do not allow download of any content.

Or are you hosting and streaming the videos?

We host the videos and make them widely available for viewing as Flash videos. We chose Flash because it's ubiquitous across the Web and viewable in popular browsers like Internet Explorer and Mozilla Firefox.

As I understand it, video is hard to provide on the Web? How are you able to provide video on the Web any better than all the earlier attempts over the years?

The first thing we do is to handle the conversion of hundreds of video and audio formats—taking the burden away from our users. Behind the scenes, we move those files into Flash video so they can be shared anywhere on the Web.

Our advanced technology architecture includes video clusters that ensure that videos stream quickly and smoothly to users, wherever they want to watch them. Also, because of our combined background at PayPal, we know how to make a service infinitely scalable and easy to use for all consumers.

What is the business model? Does YouTube plan to take video advertising?

YouTube is pursuing advertising as its business model, and we are exploring a range of possibilities including, promotions, sponsorships, contextual-based advertising, traditional banner advertising, etc. But more than anything else, we're committed to providing the best consumer experience to watch, upload and share videos.

What is your market size?

The online advertising market continues to grow and has increased by about 30% to an estimated \$12.5 billion in 2005**. With the explosion of Internet video in 2006, the increase in home broadband access and with consumers spending more time on the Web, companies are shifting their advertising budgets from traditional TV advertising to the online video market. This presents a significant market opportunity for YouTube.

For reference:

**Online ad revenue increased by about 30% to an estimated \$12.5 billion in 2005, according to the Interactive Advertising Bureau and PricewaterhouseCoopers LLP. Home broadband access increased to more than 60% of U.S. Internet users today making it easier for people to watch video programming online and with U.S. consumers going to the Web for about 15% of the time they spend with all media.

How do you respond to the recent ComScore report?

There has been a lot of recent controversy around Web Analytics and inconsistent reporting of traffic and reach of different Web properties. Most recently the controversy surrounded reports of a significant traffic decline at Yahoo!'s del.icio.us site by comScore mediametrix. The ComScore report was refuted by Hitwise, who released a report indicating significant traffic gains for del.icio.us.

Similarly, as you note, the most recent comScore report shows YouTube at 16MM users while Nielsen NetRatings reports YouTube with over 30MM monthly users.

I think the point here is that each of these web tracking firms use different methods and cannot be used as an accurate proxy for growth. At YouTube, we rely on our internal data which, while we do not disclose those numbers, shows significant and steady growth. We often quote Nielsen and Hitwise data because they seem to more accurately reflect what we are witnessing internally.

Are you seeking additional funding? How long will it last?

The funding we received so far will let us grow the company and expand our service, so we're thrilled with this initial step. In the future, we'll explore our funding options as needed.

What role is Sequoia playing in the company beyond the funding?

Roelof Botha, the former CFO of PayPal and now a Sequoia partner, is a board member of YouTube and provides guidance and business support.

What role did Jawed Karim have in the creation of YouTube?

Jawed was a co-founder of YouTube in February 2005 and helped form the genesis of the service. Chad, Steve and Jawed were all early employees of PayPal and each brought our unique expertise to creating the public preview of the company.

What is his involvement today?

Karim went back to pursue and advanced degree at Stanford and left the company in the Fall of 2005. He stayed on in an advisory role for a short period afterwards

What does the acquisition by Google mean for the community?

This business was built, in large part, by our community. The user experience will not change, we are committed to this. If it does, the goal is to have the change be for the better, but we're always listening to our community. The community is still in control on YouTube – at the end of the day they decide what's entertaining.

YouTube is going to keep doing what it's doing. Our independence empowers us to continue to build the best, most entertaining video experience on the Internet. By partnering with Google, their resources and technology leadership will provide us with the flexibility to expand that experience further.

Were you made acquisition offers prior to Google?

We don't comment on our business negotiations.

What is your relationship with MySpace?

We have no formal or informal relationship with MySpace other than our users flow back and forth between their profiles on both YouTube and MySpace. We are two of the most popular sites on the Internet today and our service allows people to express themselves through video anywhere on the Internet.

What are your plans for working with professional content creators? (updated 8.4.06)

Everyday we're in touch with new professional content creators who are discovering what we already know—that viewers are looking for new ways to consume more information and content in a short period of time. Content, that we believe, will entice viewers to head to their television, movie theater or music store to learn more."

POLICY

I've been watching clips from CNN and South Park on YouTube. Are these violating copyrights?

Let me explain our copyright policy. We don't control the content on our site. Our users post the content on YouTube -- including videos, comments, and ratings. Our terms of use and clear messaging on the site make it clear that users must own or have permission from copyright holders to post any videos.

We take copyright issues very seriously. We prohibit users from uploading infringing material and we cooperate with copyright holders to identify and promptly remove infringing content.

Have copyright holders contacted you? How often does that occur?

We haven't seen it become a major problem. When we are contacted by copyright holders we cooperate with them to remove their content from the site. For every 1 DMCA notification letter, we receive 5 calls requesting partnerships.

The Internet is moving in this direction and it's up to the content owners to choose to harness the benefit of new media distribution channels or cling to traditional, shrinking business models.

I saw a SNL clip was briefly posted to YouTube but then removed. How did this unfold when NBC contacted you?

We noticed that the clip started gaining traction on the site in late Dec. and we reached out to NBC to confirm that they had authorized the uploading of the clip and to discuss partnership opportunities. Over a month later, they responded to us and asked us to remove the video.

We respect the rights of copyright holders and take these issues very seriously.

Why should TV networks work with YouTube?

YouTube is a stage for everyone and everyone includes traditional media. With this (cultural) shift happening in digital media entertainment and a new clip culture evolving—TV Networks and other professional content creators, such as movie studios and record labels, are recognizing the opportunity to promote their programs or new records through YouTube. Also, we work very hard with traditional media companies and content owners to uphold their rights -- by limiting the size of videos that can be uploaded, creating software that makes it easier for television studios to report infringing works and improving tools for removing all copies of a particular show or highlight.

How does YouTube handle porn?

Our policy prohibits inappropriate content on YouTube. Our community understands the rules and effectively polices the site for inappropriate material. The users can flag content that they feel is inappropriate and once it is flagged it is removed from the system within minutes. This combined with our proprietary technology helps us to enforce the rules. We also disable the accounts of repeat offenders.

Specifically the policy, listed under terms and conditions on our site requires users to

“agree that [they] will not: (iii) **submit material that is unlawful, obscene, defamatory, libelous, threatening, pornographic, harassing, hateful, racially or ethnically offensive, or encourages conduct that would be considered a criminal offense, give rise to civil liability, violate any law, or is otherwise inappropriate;**

Community policing is very effective in open communities such as ours -- similar to the model created by eBay, Amazon.com and Craig's List.

So you do not attempt to identify inappropriate content proactively?

We absolutely identify inappropriate content in a number of different ways, and remove it immediately upon becoming aware of it. Typically, inappropriate content is removed

from our site within minutes or even seconds of upload. We have had no significant problem in this area and are serving more than 50 millions videos per day.

Can you tell me what technology you use to identify inappropriate content?

We do not disclose this information for security and trade secret reasons.

Regarding the Terms of Service, can YouTube sell user-generated content without their permission?

Our users volunteer to post their content on YouTube in order to benefit from our free service. Re: the Terms of Use we need the necessary license to display these videos to our community. That being said, users still retain all the rights to their content and can remove the videos at any time. Since users retain all rights, YouTube cannot sell their content.

YouTube gained a lot of publicity about MySpace blocking your videos. What really happened there?

When we heard from our users that MySpace was no longer displaying YouTube videos, we immediately contacted MySpace and worked things out with them to let our users display and watch their YouTube videos.

MySpace has since launched a competing product but we're not sure how much that played into their decisions to block all the video communities.

What matters is that everything is resolved and we are focusing on the future.

How does YouTube prevent downloads – I've seen some sites allowing this?

When we built our service, we specifically chose streaming as our delivery mechanism. We are doing everything we can to prevent downloads of video files from the site. However, with digital media there's always the chance that a technical person can circumvent the system on occasion. Even the most widely adopted security systems like Windows DRM can be hacked.

One key factor, which limits the risk for YouTube, is that unlike sites which sell full length TV shows or movies, YouTube limits the length of video uploads to 10 minutes which prevents people from posting full-length programming.

We are continually evaluating the latest DRM technologies and will continue to monitor the situation.

Have you received a subpoena from company XX?

It is not our policy not to comment on legal matters. We operate pursuant to our Privacy Policy, which you can find on our site at <http://www.youtube.com/t/privacy> and we of course comply with U.S. state and federal law.

You talk about a system and tools you had developed for working with copyright holders to identify the videos that are infringing their copyrights. Can you describe a little more how that works?

Utilizing a combination of user education, enhanced copyright owner tools, and better back-end tools, we have been aggressively combating the issue of copyrighted content ending up on YouTube.

We have recently deployed tools for copyright owners that have massively simplified the process in which they go through to identify materials that they hold the copyrights for. Furthermore, this process is now automated and online. We have also implemented a back-end technique that applies a unique fingerprint on each piece of offending content that was removed. Future video uploads which possess a media fingerprint that matches that of a video that has been previously rejected will not be allowed into the system.

In our most recent release, we have implemented a length ceiling on all incoming videos, rejecting all videos over 10 minutes in length. This is further iterating YouTube as being a platform for short, user-generated clips and promotional content, not for full-length content.

Is there any way, say, when you take a work down at the request of the copyright holder to keep another version (though not of exact same file) being uploaded the next day?

Yes, there are techniques that will enable us to identify "similar" videos from the ones that have been previously rejected. By examining the sound fingerprints, it's possible to match segments of content even if they're slightly different. However, one thing we have also been cautious with is that there have been repeated instances in the past where marketing teams within companies like Nike and Fox that have seeded content on YouTube taking advantage of our viral platform. In other words, many times, copyrighted content have been uploaded by the rightful owners of that content.

Why aren't you doing more to police the videos on the site?

We comply with the DMCA and remove videos when we have knowledge that they are posted by users without permission of the copyright owners. This is what the law requires of us.

We have recently deployed tools for copyright owners that have massively simplified the process in which they go through to identify materials that they hold the copyrights for. Furthermore, this process is now automated and online. We have also implemented a back-end technique that applies a unique fingerprint on each piece of offending content that was removed. Future video uploads which possess a media fingerprint that matches that of a video that has been previously rejected will not be allowed into the system.

With 50,000 videos uploaded to our site per day, we clearly still need content owners to cooperate and alert us of any unauthorized content of which they are aware.

A few bloggers have been complaining about YouTube. I was wondering what your response is to their criticism about the changes they claim has made it slower and the criticism that the copyright rules are arbitrarily applied?

We are focused on building the best service and user experience for our community and are listening to our users as their feedback is very important to us.

There is nothing arbitrary about our position on copyright. We respect copyright holders and cooperate to remove videos promptly if they were uploaded without permission. This is what the law requires of us.

The reason it may on occasion appear arbitrary is because we can only remove unauthorized material as we become aware of it, such as when we receive a DMCA notification from the copyright owner.

Why did YouTube remove the Colbert Report from CSPAN and how many views did it have?

CSPAN contacted us on May 3 claiming the copyright to the videos. We respect rights holders and promptly removed the videos from our site. The videos began gaining momentum with the community from the time of upload (on Monday early morning) to the time they were removed. They had 2.7 million views collectively in less than 48 hours (there were several copies).

Had CSPAN contacted you in the past and did they request the removal of other videos?

No, we had not been contacted by them in the past. They did include a dozen other links of videos to which they claim the copyright. The majority of the notification was dedicated to the Colbert report.

Does YouTube support Net Neutrality?

Yes. Net Neutrality ensures that all Internet users can access the content or run the applications of their choice, without any concern about discrimination in quality. The Internet has leveled the playing field for all users, allowing everyday people to have their voices heard by millions of people. This is what YouTube is committed to as well.

Net Neutrality prevents gatekeepers from blocking or discriminating against new ideas or new technologies. It is the reason the Internet has become an unrivaled environment for economic innovation, open communication, and free speech. It ensures that Internet users, not Internet providers, choose which web sites users access.

“How does YouTube feel about videos being uploaded from the Middle East?”

YouTube is providing a valuable service for people around the world to share what is really happening in their regions, including the Middle East. Video allows people to have an immediate and intimate understanding of events that are taking place and the impact of these actions.

Is it true that the RIAA has been sending Cease and Desist notices to YouTube users?

We are not aware of any instance in which the RIAA has contacted our users directly. The RIAA has contacted us from time to time in connection with DMCA takedown requests, to which we responded promptly by removing unauthorized material from our site.

We do not condone and specifically prohibit the unauthorized use of copyrighted material on our site. If a user uploads material to which he/she does not own the copyright, they do so at their own risk.

CONTENT

What is YouTube’s relationship with music publishers and how can they benefit from people singing Karaoke, lip synching, etc on the site.

We take copyright issues very seriously and respect the rights of copyright holders including music publishers. We're currently developing new systems to help them benefit financially from their music on our site.

At present, we're in talks with ASCAP, BMI and SESAC, as well as many individual publishers and are looking forward to working with them in the near term

What do you think about the videos from soldiers in Iraq?

We are offering users a platform to share personal experiences around the world. While we cannot speak for individual YouTube users, we can say that YouTube has a thriving community with more than 15 million videos being viewed per day across a variety of channels.

Can you verify that they are real? How?

YouTube is an open community that allows people to communicate with each other. If you want to verify the authenticity of a video you would need to contact the user directly to learn more about their posting.

How is the proliferation of cheap DV cameras, cameraphones and blogs changing the way events like war are covered by eyewitnesses?

Users of YouTube have been documenting their firsthand accounts of world events ever since we started the service. We've seen videos of hurricanes and dangerous airplane landings become popular on the service, so it's no surprise that soldiers in Iraq would actively document their lives and provide their perspective on one of the most important world events today.

The explosion in consumer devices with video and in broadband connections is giving users control over the videos they watch and share, and YouTube is dedicated to making their experience as easy and relevant as possible.

Would you take down the videos if the US Army asked you to do that for security reasons?

We don't comment on hypothetical situations.

In our terms of use, we assume that YouTube users have all the necessary rights to post video and agree to upload appropriate content. Also, our community polices the service and has the capability to flag inappropriate videos. YouTube does reserve the right to remove videos if flagged inappropriate.

Are comedians getting noticed on YouTube?

YouTube is creating a community for personal video and amateur filmmakers. Our system creates a viral effect so if someone has a lot of talent people are more likely to share these videos.

YouTube is democratizing the entertainment experience. It's about how people respond and the way they share it with one another. Comedy by its nature can be very personal and YouTube is providing the stage.

Why are people turning to YouTube for entertainment?

Unlike traditional broadcast channels which have limited time, you're not fighting for a time slot – people can watch what they want, when they want.

We focused on building the best user experience and the best platform for people to share their videos around the world. Anyone can express themselves by creating content and distributing it through YouTube. And the community decides what is popular.

How are politicians using YouTube and what opportunity does it provide them?

YouTube is a perfect tool for democracy in action—a great forum for the free exchange of ideas where everyone is provided equal opportunity to share information and be widely heard.

YouTube brings campaigns directly to the people—particularly the young voters of this country—who are traditionally more disenfranchised.

YouTube is a campaign game-changer; shifting the dynamics of how to reach voters and build intimate relationships. YouTube levels the playing field, allowing well-backed and less-known candidates to reach the same audience and share the same “stage”. The upcoming elections will be significantly impacted by Internet video, social networking, viral campaigns, real-time feedback and other technologies that can all contribute to the outcomes.

YouTube is a stage for everyone — politicians, voters, corporations, entertainment companies and individuals alike.

Why are politicians using YouTube?

Politicians are recognizing the Internet is heading in a new direction, where people are finding their news and entertainment online, especially young, disenfranchised voters. They are adjusting their campaigns to reach out to their constituents in new ways through online video.

What types of political ads are YouTube users most receptive too?

YouTube's audience is different from TV audiences. They want to be entertained and recognize a video's authenticity, but also see right through overly produced content.

For political ads on YouTube, it's about honesty, transparency and originality. Our users want to see that candidates are serious about their platform and what they will do for their constituents, not hear about how their opponent is flawed. Videos that really show a politician's personality also resonate well, such as showing community activity or spending time with their family.

Advertising Messaging

How long does this a PVA last?

The PVA on the homepage is a one day event on the homepage that is driving community excitement around the release of an album, movie, video game, etc.

How much does a PVA cost?

We do not disclose financial terms of deals. The PVA is sold on a per day rate. All of the other advertising on our site is sold on a CPM basis.

Can anyone create a brand channel and be a PVA or does a brand have to sign off on the PVA?

No, access to the exclusive enhanced design and channel functionality of Brand Channels is free-of charge only to advertisers who meet predetermined spending levels (i.e. they have a minimum ad buy on the site)

PVAs are paid advertisements located in the upper right-hand corner on the homepage so of course the company and ad agency makes this decision.

How -- beyond uploading :30s -- should advertisers take advantage of this new space?

We encourage advertisers to give our users access to creative that is engaging and different than what can be seen on TV. The length of the video can be anything under 10 minutes. We suggest from experience, that somewhere in the two - five minute range is a best practice.

What new opportunities for advertising might YouTube be launching soon?

We continue to look for opportunities that work for both our community and our advertisers. You will see enhanced functionality in our brand channels and more video opportunities in the near future.

Right now, YouTube is avoiding pre-roll video ads and interstitials: will that always be the case?

We are about experiences that work for our community and our advertisers. We will continue to look at models that respect the user experience.

YouTube is rightfully and successfully protective of the user experience. Both on YouTube and elsewhere on the web, how would you articulate a set of 3 to 5 best practices for online video advertising?

- Respect the user experience
- Understand that users are talking back; make sure you are listening
- Create video ads that are built for the audience that is viewing it; make it as unique and engaging as possible. Avoid the interruption model
- Don't expect all work to go viral; have a plan to seed the experience and support the campaign

One of the big advertising buzzwords right now is "engagement." How does YouTube promote engagement? So many of the comments attached to videos -- which can number in the hundreds -- are quite terse. Do comments and ratings constitute engagement?

The entire platform is about engagement. Our users both celebrate what they consider to be good advertisements and promotions and feel obligated to voice their views about those they do not like. We have democratized the entertainment process allowing the community to decide what rises up and to interact with the content they are viewing. It is this active engagement that many brands and advertisers seek in order to communicate and reach new consumers. (Attribute to Chad Hurley, CEO and Co-Founder)

How does YouTube compare/contrast with MySpace? Does YouTube enable the sort of relationship building among users and between users and advertisers in the way that MySpace and other social networks claim to do so?

We are about connections around video content. YouTube ads and Brand Channels can be well targeted to reach a certain part of our community. The videos being viewed are engaging for a long period of or time, both users and advertisers benefit.

Why are your numbers different for comScore, Nielsen NetRatings, etc?

There has been a lot of recent controversy around Web Analytics and inconsistent reporting of traffic and reach of different Web properties. Most recently the controversy surrounded reports of a significant traffic decline at Yahoo!'s del.icio.us site by comScore mediametrix. The ComScore report was refuted by Hitwise, who released a report indicating significant traffic gains for del.icio.us.

Similarly, as you note, the most recent comScore report shows YouTube at 16MM users while Nielsen NetRatings reports YouTube with over 30MM monthly users.

I think the point here is that each of these web tracking firms use different methods and cannot be used as an accurate proxy for growth. At YouTube, we rely on our internal data which, while we do not disclose those numbers, shows significant and steady growth. We often quote Nielsen and Hitwise data because they seem to more accurately reflect what we are witnessing internally.

Can you explain how you came up with the concepts for brand channels and PVAs?

YouTube started advertising with banners and remnant inventory from direct marketers. Are banner ads as appealing to advertisers in a format geared toward watching videos?

You have spoken about creating a system that could broker ads for other Web publishers. How would that work? Would it be within the videos themselves so that you could get a higher CPM or would it be contextually based ads that could provide more targeted impressions. Google has the lead in this area, would you consider working with them as MySpace did?

Part of YouTube's popularity is based on being able to embed the videos on other sites. How can you make money from that?

YouTube has said it isn't interested in preroll. But do you think that overtime you could insert ads within the videos themselves, say for longer form video or higher quality video?

Some advertisers say they would like more filtering of content or channels so that they know what kind of content they're doing marketing around. i.e., not raunchy material or illegally posted material. Are you working on these kinds of filtering tools?

How can you broaden your appeal to advertisers beyond the market of ads for movies, TV shows, and CDs? Can you do more segmentation so that the model can appeal to a broader group of advertisers?

Since this is a new model, advertisers say that the demand is going to grow for metrics beyond how many times a video is viewed or rated. Are you developing tools to help measure impact and awareness, to help ad folks justify the dollars?

ComScore data shows that 68% of your traffic is from overseas. Does that hinder the services' appeal to U.S. advertisers?

Do you think there is an opportunity for downloads, where you could allow users to monetize their own content or work with established content folks? Would that model fit your brand?

Based on estimates I have from CDN operators, distribution costs are around \$1 million a month. Can you confirm this? As you continue to grow are there other ways to handle these growing costs, say through P2P distribution like the Venice Project plans to do?

You are in talks to license content from the record labels. The labels say that they're negotiating for a stake in the company as compensation, rather than being paid a licensing fee. Can you confirm?

BIG MESSAGES:

YouTube is a consumer media company for people to watch and share original videos worldwide through a Web experience.

- **We are focused on delivering the best user experience and the best service** for people to share their videos around the world.
- **YouTube is creating a community** for personal video, amateur filmmakers and comedians, and professional content owners. Our service is extremely viral so if someone has a lot of talent and if the content is really creative, users will be more likely to share these videos.
- **YouTube is democratizing the entertainment experience.** Entertainment by its nature is very personal and YouTube is providing the stage. It's about how people respond and the way they share it with one another. The community decides what's popular.

There is a complete (cultural) shift happening in digital media entertainment and a new clip culture evolving

- Unlike traditional broadcast channels which have limited time, you're not fighting for a time slot – **users can watch what they want, when they want.**
- There is an **evolution of entertainment and media distribution** – where the audience is now in control more than ever. People want to consume more information and content in short periods of time (our users prefer to watch videos 2 ½ min or less in length)

###